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U.S. DISTRICT COURT

2003 JUL 23 PM 5

EASTERN DISTRICT
OF TEXAS
(1) TEXAS INSTRUMENTS
INCORPORATED,

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

FILED
U. S. DISTRICT COURT
Eastern District of Texas

JUL 23 2003

DAVID MALAND, CLERK
By
Deputy 

Plaintiff,

vs.

(1) INTERGRAPH CORPORATION and (2)
Z/I IMAGING CORPORATION,

Defendants.

Civil Action No. 2-03CV-115 TJW

JURY

(1)Z/I IMAGING CORPORATION,

Counterclaimant,

vs.

(1) TEXAS INSTRUMENTS
INCORPORATED,

Counterdefendant.

**Z/I IMAGING CORPORATION'S ANSWER TO THE COMPLAINT
OF TEXAS INSTRUMENTS INCORPORATED FOR INFRINGEMENT OF
U.S. PATENT NO. 5,297,279, U.S. PATENT NO. 5,329,471, U.S. PATENT NO. 5,437,027,
U.S. PATENT NO. 5,742,538 AND U.S. PATENT NO. 6,065,113;
COUNTERCLAIM FOR DECLARATORY RELIEF**

Defendant Z/I Imaging Corporation ("Z/I Imaging") hereby submits the following
Answer to the Complaint of Plaintiff Texas Instruments Incorporated ("TI") and submits the
following Counterclaim:

ANSWER TO COMPLAINT

THE PARTIES

1. Defendant Z/I Imaging admits, based on information and belief, that Plaintiff TI is
a corporation organized under the laws of the State of Delaware and that it maintains a place of
business in Dallas, Texas, as set forth in Paragraph 1 of the Complaint. Z/I Imaging is without

sufficient information and belief to admit the remaining allegations of Paragraph 1 and denies them on that basis.

2. Defendant Z/I Imaging admits the allegations of Paragraph 2.

3. Defendant Z/I Imaging admits the allegations of Paragraph 3.

JURISDICTION AND VENUE

4. Defendant Z/I Imaging admits that the Complaint is brought under the Patent Laws of the United States of America and that this Court has jurisdiction over the claims. Except as so admitted, Z/I Imaging denies the allegations of Paragraph 4.

5. Defendant Z/I Imaging admits that this Court has personal jurisdiction over it. Except as so admitted, Z/I Imaging denies the allegations of Paragraph 5.

6. The allegations of Paragraph 6 are personal to Defendant Intergraph Corporation and need not be answered by Defendant Z/I Imaging.

7. Defendant Z/I Imaging admits that venue is proper in this judicial district. Except as so admitted, Z/I Imaging denies the allegations of Paragraph 7.

PATENTS AT ISSUE

8. Defendant Z/I Imaging admits that a copy of United States Patent No. 5,297,279 ("the '279 Patent") is attached as an exhibit to the Complaint. Except as so admitted, Z/I Imaging is without sufficient information or belief to respond to the remaining allegations of Paragraph 8 and denies them on that basis.

9. Defendant Z/I Imaging admits the a copy of United States Patent No. 5,329,471 ("the '471 Patent") and a Certificate of Correction (Certificate B1 5,329,471) for the '471 Patent are attached as an exhibit to the Complaint. Except as so admitted, Z/I Imaging is without sufficient information or belief to respond to the remaining allegations of Paragraph 9 and denies them on that basis.

10. Defendant Z/I Imaging admits that a copy of United States Patent No. 5,437,027 ("the '027 Patent") is attached as an exhibit to the Complaint. Except as so admitted, Z/I Imaging is without sufficient information or belief to respond to the remaining allegations of Paragraph 10 and denies them on that basis.

11. Defendant Z/I Imaging admits that a copy of United States Patent No. 5,742,538 ("the '538 Patent") is attached as an exhibit to the Complaint. Except as so admitted, Z/I Imaging is without sufficient information or belief to respond to the remaining allegations of Paragraph 11 and denies them on that basis.

12. Defendant Z/I Imaging admits that a copy of United States Patent No. 6,065,113 ("the '113 Patent") is attached as an exhibit to the Complaint. Except as so admitted, Z/I Imaging is without sufficient information or belief to respond to the remaining allegations of Paragraph 12 and denies them on that basis.

COUNT I PATENT INFRINGEMENT

13. Answering Paragraph 13 of the Complaint, Defendant Z/I Imaging incorporates herein by reference, as if set forth in full, each and every response in its Answers to Paragraphs 1 through 12 of the Complaint, hereinabove.

14. Defendant Z/I Imaging denies the allegations of Paragraph 14.

15. Defendant Z/I Imaging denies the allegations of Paragraph 15.

16. Defendant Z/I Imaging denies the allegations of Paragraph 16.

17. Defendant Z/I Imaging denies the allegations of Paragraph 17.

18. Defendant Z/I Imaging denies the allegations of Paragraph 18.

19. Defendant Z/I Imaging denies the allegations of Paragraph 19.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

20. The Complaint fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

21. Z/I Imaging has not infringed any claim of any of the patents-in-suit.

THIRD AFFIRMATIVE DEFENSE

22. Each of the patents-in-suit are invalid on the grounds that the purported inventions attempted to be patented therein fail to meet the conditions of patentability specified in 35 U.S.C. Sections 101, 102, 103, and/or 112.

FOURTH AFFIRMATIVE DEFENSE

23. By reason of the proceedings in the United States Patent and Trademark Office during prosecution of the patents-in-suit, TI is estopped from claiming for those patents a construction of the patent claims that would cover or include any apparatus or device or product made or method or process of making an apparatus, device or product that would cover or include any apparatus or device or product that is made, used, offered for sale, sold, or imported by Z/I Imaging or any method or process used by Z/I Imaging to make an apparatus, device, or product.

FIFTH AFFIRMATIVE DEFENSE

24. TI is not entitled to any damages based on any finding of infringement for any alleged act of infringement that may have occurred prior to April 7, 2003, as a result of TI's failure to comply with the notice requirements of 35 U.S.C. Section 287.

SIXTH AFFIRMATIVE DEFENSE

25. Pursuant to 35 U.S.C. Section 286, TI is not entitled to any recovery for any infringement of any of the patents-in-suit committed more than six years prior to May 5, 2003, the date TI filed its Complaint.

SEVENTH AFFIRMATIVE DEFENSE

26. TI's claims of infringement of the '471 Patent, the '279 Patent, and the '027 Patent are barred by the defense of equitable estoppel.

EIGHTH AFFIRMATIVE DEFENSE

27. TI's claims of infringement of the '471 Patent, the '279 Patent, and the '027 Patent are barred by the defense of laches.

NINTH AFFIRMATIVE DEFENSE

28. TI's claims of infringement of the '471 Patent, the '279 Patent, and the '027 Patent are barred by the defense of unclean hands.

PRAYER FOR RELIEF

WHEREFORE, Z/I Imaging prays for judgment on TI's Complaint as follows:

1. That TI take nothing by way of its Complaint;

2. That TI's Complaint be dismissed with prejudice;
3. That the patents-in-suit have never been, and are not now, infringed by Z/I Imaging or any other person or entity that may be making, using, or selling Z/I Imaging's products;
4. That the patents-in-suit and the asserted claims contained therein are invalid and unenforceable;
5. That no damages or royalties are due or owing by Z/I Imaging for any of the acts alleged in the Complaint;
6. That this Court finds this an exceptional case and require that TI pay Z/I Imaging's costs (including all disbursements) and attorney's fees incurred in this action, as provided in 35 U.S.C. Section 285; and
7. That the Court award Z/I Imaging such other and further relief as the Court deems just and proper.

COUNTERCLAIM

Defendant and Counterclaimant Z/I Imaging Corporation ("Z/I Imaging"), for its Counterclaim against Plaintiff and Counterdefendant Texas Instruments Incorporated ("TI"), alleges as follows:

JURISDICTION AND VENUE

1. This Counterclaim arises under the patent laws of the United States of America, 35 U.S.C. Section 1 et. seq. Jurisdiction is proper pursuant to 28 U.S.C. Sections 1331, 1338, 2201, and 2202.
2. Venue is proper in this judicial district under 28 U.S.C. Sections 1391 and 1400.

PARTIES

3. Z/I Imaging is a corporation organized under the laws of the State of Delaware and engages in business in this judicial district.
4. TI is a corporation organized under the laws of the State of Delaware with a place of business in this judicial district.

CLAIM FOR RELIEF

5. On or about May 5, 2003, TI filed a Complaint for patent infringement in this Court, alleging that Z/I Imaging products infringe United States Patent No. 5,297,279, United States Patent No. 5,329,471, United States Patent No. 5,437,027, United States Patent No. 5,742,538, and United States Patent No. 6,065,113 (collectively "the patents-in-suit").

6. An actual and justiciable controversy requiring declaratory relief now exists between Z/I Imaging and TI concerning the validity, enforceability, and alleged infringement of the patents-in-suit.

7. Z/I Imaging seeks, and is entitled to, a declaration from this Court that it has not willfully or otherwise infringed, contributed to the infringement of, or induced others to infringe, any valid and enforceable claim of any of the patents-in-suit.

8. Z/I Imaging seeks, and is entitled to, a further declaration that the patents-in-suit, and the claims contained therein, are invalid for failure to meet one or more of the conditions of patentability specified in 35 U.S.C. Sections 101, 102, 103, and/or 112.

PRAYER FOR RELIEF

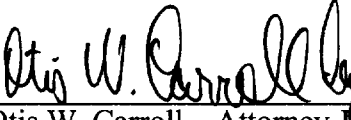
WHEREFORE, Z/I Imaging prays for judgment on its Counterclaim as follows:

1. For a declaration that Z/I Imaging has not infringed, contributed to the infringement of, or induced others to infringe, the patents-in-suit;
2. For a declaration that the patents-in-suit, and the claims contained therein, are invalid and unenforceable;
3. That this Court finds this an exceptional case and require that TI pay Z/I Imaging's costs (including all disbursements) and attorney's fees incurred in this action, as provided in 35 U.S.C. Section 285; and

4. That the Court award Z/I Imaging such other and further relief as the Court deems just and proper.

DATED: July 23, 2003

Respectfully submitted,

By:  *by SCC by permission*

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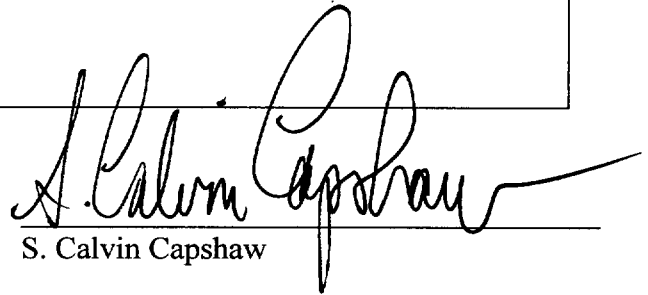
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Attorneys for Defendant/Counterclaimant
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing instrument was served on the 23rd day of July 23 , 2003, by U. S. Mail and facsimile on the following:

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